



NEWS RELEASE
QUESTOR TECHNOLOGY INC.
ANNOUNCES 120 PER CENT INCREASE IN SECOND QUARTER PROFIT

Calgary, Alberta (August 28, 2014) – Questor Technology Inc. (“Questor” or the “Company”) (TSX-V: QST) announced today its financial and operating results for the second quarter of 2014. Revenue this quarter was \$4.5 million, 99 per cent higher than the second quarter of 2013, due mainly to higher sales activity in both Canada and the U.S. The Company reported a 120 per cent improvement in profit at \$1,394,323⁽²⁾ (\$0.055 per basic share) for the three months ended June 30, 2014 compared to a profit of \$634,176 (\$0.025 per basic share) for the same three month period of the prior year.

The increase in profit was due primarily to higher revenues arising out of the increased volume of incinerators and the mix of capacities of the units sold and increased rental revenues. Cost of sales as a percent of revenue was lower in the current quarter, contributing to the increase in profitability while lower revenues from Incinerator and combustion services and higher administrative expense and higher income tax expense partially offset the impact the sales, rental revenues and margins improvements had on profit.

FINANCIAL HIGHLIGHTS SUMMARY

(Stated in Canadian dollars except shares outstanding)

For the	Three months ended June 30			Six months ended June 30		
	2014	2013	Increase (decrease)	2014	2013	Increase (decrease)
Revenue	4,502,651	2,263,746	2,238,905	7,718,088	3,983,323	3,734,765
Gross profit⁽¹⁾	2,545,152	1,177,440	1,367,712	3,987,693	2,067,881	1,919,812
EBITDA⁽¹⁾	1,966,388	797,589	1,168,749	3,121,207	1,453,810	1,667,397
Profit for the period⁽²⁾	1,394,323	634,176	760,147	2,196,073	1,051,261	1,144,812
Cost of sales as a percent of revenue⁽¹⁾	43.5%	48.0%	48.0%	48.3%	48.1%	0.2%
Cash generated from operations before movements in non-cash working capital⁽¹⁾	2,087,203	879,007	1,208,196	3,342,268	1,541,412	587,937
Shares outstanding⁽³⁾						
Basic	25,475,639	25,076,601	399,038	25,379,539	25,042,177	337,362
Diluted	26,478,434	25,729,800	748,634	26,364,696	25,621,734	742,962
Earnings per share -						
Basic	0.055	0.025	0.030	0.087	0.042	0.045
Diluted	0.053	0.025	0.028	0.083	0.041	0.042
As at June 30						Increase (decrease)
Total assets				16,156,941	11,086,002	5,070,939
Non-current liabilities				144,904	278,695	(133,791)

⁽¹⁾ *Non-IFRS financial measure. Please see discussion in the Non-IFRS Financial Measures section of Questor's Management's Discussion and Analysis for the three and six months ended June 30, 2014.*

⁽²⁾ *Before Other comprehensive income*

⁽³⁾ *Weighted average.*

“The heightened environmental focus on emissions from flaring, climate change and the health concerns arising from the impacts of poor air quality have created a significant market opportunity for Questor domestically and internationally. It has become essential for our clients to address these issues to obtain approval for projects and the social license to operate.” said Ms. Audrey Mascarenhas, Questor’s President and CEO. “As the U.S. adopts the new EPA rules, we are seeing the demand for our products continue to develop in both the sales and rental businesses”, she continued. “We have an inventory of units available and have fabrication partners with sufficient capacity to meet new orders.”

On January 31, 2014, Questor acquired 100% of the outstanding shares of ClearPower Systems Inc., (“ClearPower”) a company incorporated in 2010 under the laws of the state of Delaware. ClearPower has developed technology that will translate waste heat from any source into power. The integration of waste heat from Questor’s incineration process with the power generation capability of the ClearPower technology is expected to present a valued solution for current and future customers. “We are planning to commission a demonstration of this integration in the fourth quarter of 2014 at an oil and gas facility in close proximity to Calgary”, said Ms Mascarenhas. “In addition we continue to evaluate the substantial waste heat market to which the ClearPower technology can be directly applied. These two large waste heat areas present opportunities that Questor continues to prepare for, anticipating revenue generation in mid 2015.”

On June 26, 2014, Ms Mascarenhas was presented an award as one of the Business in Calgary Leaders of Tomorrow to honor her business success, contribution to community, philanthropic efforts and dedication to industry in making Calgary a better place to work and live.

In the 26th annual PROFIT 500 ranking of Canada’s Fastest-Growing Companies by *Canadian Business* and PROFIT, Questor Technology was ranked number 360 with revenue growth of 127%. “The members of the PROFIT 500 are the elite of the country’s entrepreneurial community,” says James Cowan, Editor-in-Chief of *Canadian Business* and PROFIT. “Their stories are lessons in business strategy, innovation, management excellence and sheer tenacity.”

Vinai Thummalapally, the Obama-appointed Executive Director of SelectUSA met with management at the Company’s Calgary offices on June 12, 2014 to better understand Questor’s solutions and to advise that their organization is prepared to assist in Questor’s efforts to establish a U.S. presence for fabrication and marketing. Ms Mascarenhas and Mr. John Sutherland, Questor Chief Operating Officer, have received special invitations to attend the SelectUSA Summit in Washington, DC March 23 - 24, 2015.

Ms Mascarenhas was invited to interview on July 9, 2014 on the subject of Questor’s solutions on Business News Network (BNN). A link to view the interview is provided below.
<http://www.bnn.ca/Video/player.aspx?vid=395152>

Ms Mascarenhas was invited to present to the Oilmen’s Forum in Banff Alberta on August 20, 2014 as part of a panel addressing the topic of Innovation, Economy and Environment.

Questor’s unaudited condensed consolidated financial statements and notes thereto and management’s discussion and analysis for the three and six months ended June 30, 2014 will be available shortly on the Company’s website at www.questortech.com and through SEDAR at www.sedar.com.

ABOUT QUESTOR TECHNOLOGY INC.

Questor is an international environmental oilfield services provider founded in late 1994 and headquartered in Calgary, Alberta, Canada with a field office located in Grande Prairie, Alberta. The Company is focused on clean air technologies with activities in Canada, the United States, Europe and Asia. Questor designs and manufactures high combustion efficiency waste gas incinerators for sale or for use on a rental basis and also provides combustion-related oilfield services. The Company’s proprietary incinerator technology destroys noxious or toxic hydrocarbon gases which enables regulatory compliance, environmental protection, public confidence and reduced operating costs for customers. Questor is recognized for its particular expertise in the combustion of sour gas (H₂S). The technology creates an opportunity to utilize the heat generated from efficient combustion which can be used for water vaporization, process heat and power generation, through ClearPower Solutions (a subsidiary of Questor). While Questor’s current customer base operates primarily in the crude oil and natural gas industry, the Company’s combustion technology is applicable to other industries such as landfills, water and sewage treatment, tire recycling and agriculture.

Questor trades on the TSX Venture Exchange under the symbol "QST".

For further information contact:

Audrey Mascarenhas
President and Chief Executive Officer
Phone: (403) 571-1530
Facsimile: (403) 571-1539
Email: amascarenhas@questortech.com

Certain information in this news release constitutes forward-looking statements. When used in this news release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, general economic conditions and other factors set out in the Company's public disclosure documents. Many factors could cause the Company's actual results, performance or achievements to vary from those described in this news release, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release and such forward-looking statements included in, or incorporated by reference in this news release, should not be unduly relied upon. Such statements speak only as of the date of this news release. The Company does not intend, and does not assume any obligation, to update these forward-looking statements. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

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QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars
Unaudited

As at	June 30 2014	December 31 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,635,570	\$ 7,323,303
Trade and other receivables	4,776,165	2,863,257
Inventories	2,772,394	2,359,276
Prepaid expenses and deposits	155,475	124,163
Current tax assets	57,099	77,849
Total current assets	13,396,703	12,747,848
Non-current assets		
Property and equipment	1,631,516	1,256,066
Intangible assets	441,324	25,915
Goodwill	687,398	-
Total non-current assets	2,760,238	1,281,981
Total assets	\$ 16,156,941	\$ 14,029,829
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables, accrued liabilities, provisions	\$ 1,279,325	\$ 1,746,259
Deferred revenue and deposits	407,232	252,356
Current portion of lease inducement	52,002	52,002
Current tax liabilities	710,469	638,527
Total current liabilities	2,449,028	2,689,144
Non-current liabilities		
Deferred tax liabilities	49,568	53,793
Lease inducement	95,336	121,337
Total non-current liabilities	144,904	175,130
Total liabilities	2,593,932	2,864,274
Capital and reserves		
Issued capital	5,802,943	5,636,119
Reserves	731,128	703,156
Retained earnings	7,022,353	4,826,280
Cumulative translation adjustment	6,585	-
Total equity	13,563,009	11,165,555
Total liabilities and equity	\$ 16,156,941	\$ 14,029,829

QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

*Stated in Canadian dollars except per share data
Unaudited*

	For the three months ended June 30		For the six months ended June 30	
	2014	2013	2014	2013
Revenue	\$ 4,502,651	\$ 2,263,746	\$ 7,718,088	\$ 3,983,323
Cost of sales	(1,957,499)	(1,086,306)	(3,730,395)	(1,915,442)
Gross profit	2,545,152	1,177,440	3,987,693	2,067,881
Administration expenses	(605,724)	(497,657)	(1,092,880)	(851,207)
Net foreign exchange (losses)/gains	(34,047)	47,437	109,107	92,434
Depreciation of property and equipment	(13,973)	(9,799)	(25,937)	(20,539)
Amortization of intangible assets	(1,332)	(304)	(1,637)	(609)
Loss on disposal of property and equipment	-	(347)	-	(347)
Other income	11,179	2,296	13,878	6,972
Profit before tax	1,901,255	719,066	2,990,224	1,294,585
Income tax expense				
Current	(501,934)	(102,855)	(798,376)	(254,233)
Deferred	(4,998)	17,965	4,225	10,909
Profit for the period	\$ 1,394,323	\$ 634,176	\$ 2,196,073	\$ 1,051,261
Other comprehensive income, net of income tax				
Exchange differences on translating foreign operations	8,235	-	6,585	-
Total comprehensive income	\$ 1,402,558	\$ 634,176	\$ 2,202,658	\$ 1,051,261

Earnings per share - Profit for the period

Basic	\$ 0.055	\$ 0.025	\$ 0.087	\$ 0.042
Diluted	\$ 0.053	\$ 0.025	\$ 0.083	\$ 0.041

QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Stated in Canadian dollars
Unaudited

	Issued Capital	Reserves	Retained Earnings	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2014	\$ 5,636,119	\$ 703,156	\$ 4,826,280	\$ -	\$ 11,165,555
Profit for the period	-	-	2,196,073	-	2,196,073
Recognition of share-based payments	-	93,371	-	-	93,371
Issue of ordinary shares under employee share option plan	166,824	(65,399)	-	-	101,425
Translation of foreign operations	-	-	-	6,585	6,585
Balance at June 30, 2014	<u>\$ 5,802,943</u>	<u>\$ 731,128</u>	<u>\$ 7,022,353</u>	<u>\$ 6,585</u>	<u>\$ 13,563,009</u>

	Issued Capital	Reserves	Retained Earnings	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2013	\$ 5,521,001	\$ 676,834	\$ 2,282,231	\$ -	\$ 8,480,066
Profit for the period	-	-	1,051,261	-	1,051,261
Recognition of share-based payments	-	37,970	-	-	37,970
Issue of ordinary shares under employee share option plan	54,880	(22,630)	-	-	32,250
Balance at June 30, 2013	<u>\$ 5,575,881</u>	<u>\$ 692,174</u>	<u>\$ 3,333,492</u>	<u>\$ -</u>	<u>\$ 9,601,547</u>

QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars
Unaudited

For the six months ended June 30	2014	2013
Cash flows from operating activities		
Profit for the period	\$ 2,196,073	\$ 1,051,261
Adjustments for:		
Income tax expense	794,151	243,324
Loss on disposal of property and equipment	-	347
Depreciation of property and equipment	129,346	158,616
Amortization of intangible assets	1,637	609
Net unrealized foreign exchange losses	127,690	49,285
Expense recognized in respect of equity-settled share-based payments	93,371	37,970
	3,342,268	1,541,412
Movements in non-cash working capital	(3,045,341)	(150,108)
Cash generated from operations	296,927	1,391,304
Income taxes paid	(746,915)	-
Net cash (used in) generated from operating activities	(449,988)	1,391,304
Cash flows used in investing activities		
Payments for property and equipment	(82,043)	(90,270)
Proceeds from disposal of property and equipment	-	5,000
Payments for intangible assets	(263,002)	-
Acquisition of a business	(1,000,710)	-
Net cash used in investing activities	(1,345,755)	(85,270)
Cash flows from financing activities		
Proceeds from issue of ordinary shares under employee share option plan	101,425	32,250
Net cash generated from financing activities	101,425	32,250
Net (decrease) increase in cash	(1,694,318)	1,338,284
Cash and cash equivalents at beginning of the period	7,323,303	4,405,624
Effects of translation of foreign currencies	6,585	(18,476)
Cash and cash equivalents at end of the period	\$ 5,635,570	\$ 5,725,432